

## Message Text

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ORIGIN FRB-02

INFO OCT-01 EUR-25 ISO-00 EB-11 TRSE-00 RSC-01 COME-00

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DRAFTED BY FRB:BNORWOOD/FDAHL:LD

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R 201652Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY LUXEMBOURG

INFO AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EFIN, LU

SUBJECT: BANK SECRECY

REFS: LUXEMBOURG 367; STATE 120929

1. FEDERAL RESERVE BOARD OFFERED TO HAVE DONDELINGER MEET WITH GOVERNOR MITCHELL, GOVERNOR HOLLAND, OR BOARD STAFF DEPENDING ON HIS SCHEDULE DURING HIS RECENT WASHINGTON VISIT. DONDELINGER SAID DEMANDS FOR HIS PRESENCE AT C-20 MEETINGS AND NEED TO DEPART JUNE 13 IN ORDER BE IN GRAND DUCHY IN CONNECTION FORMATION NEW GOVERNMENT PRECLUDED HIS BEING ABLE TO DO SO.

2. FACTS OF CASE INVOLVING A U.S. BANK'S REQUEST FOR INFORMATION FROM ITS LUXEMBOURG AFFILIATE ARE SIMPLY AS FOLLOWS. IN COURSE OF ROUTINE BANK EXAMINATION BY FEDERAL RESERVE, IT WAS DISCOVERED THAT INFORMATION ON LIMITED OFFICIAL USE

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THE ASSETS OF A LUXEMBOURG SUBSIDIARY WAS NOT AVAILABLE

AT THE U.S. HEAD OFFICE. NEED TO RECTIFY UNAVAILABILITY OF REQUIRED INFORMATION LED TO REQUEST OF SUBSIDIARY BY THE PARENT. CONTRARY TO DONDELINGER'S UNDERSTANDING AND SPECULATION, LUXEMBOURG SUBSIDIARY DID NOT (REPEAT NOT) SEND INFORMATION DIRECTLY TO FEDERAL RESERVE AND INFORMATION WAS NOT (REPEAT NOT) RELATED TO FRANKLIN NATIONAL BANK. REQUIREMENT FOR INFORMATION AND PROCEDURES FOR

OBTAINING IT ARE IN ACCORD WITH UNDERSTANDINGS FEDERAL RESERVE AND COMPTROLLER HAVE HAD WITH LUXEMBOURG AUTHORITIES AS INDICATED REFTEL B.

3. DONDELINGER WAS TOLD BY NORWOOD OF BOARD STAFF THAT ALTHOUGH GOVERNOR MITCHELL WOULD BE IN EUROPE DURING NEXT TWO WEEKS, HE WOULD BE TRAVELING ON TIGHT SCHEDULE. IMPRESSION CAREFULLY AVOIDED OF CHANCE OF GOVERNOR MITCHELL'S VISITING LUXEMBOURG ON THIS TRIP. GOVERNOR MITCHELL IS AWARE OF SIGNIFICANCE OF LUXEMBOURG AND OF UTILITY OF KEEPING CONTACT WITH DONDELINGER AND WILL DECIDE ON BEST WAY TO TAKE ACCOUNT OF DONDELINGER'S DESIRES FOR SUCH CONTACT.

4. EMBASSY SHOULD GIVE DONDELINGER EXPLANATION OF BANK INFORMATION ISSUE ALONG LINES OF PARAGRAPH 2 ABOVE.  
KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANK BRANCHES, CLASSIFIED INFORMATION, BANK LAW, INTERGOVERNMENTAL COOPERATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE132177  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** BNORWOOD/FDAHL:LD  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740162-0292  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1974/newtext/t19740628/aaaaaxju.tel  
**Line Count:** 86  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN FRB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** LUXEMBOURG 367; STATE 120929  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 APR 2002 by izenbei0>; APPROVED <18 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ANK SECRECY  
**TAGS:** EFIN, LU  
**To:** LUXEMBOURG  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005